NOTES

PART I. REMINISCENCES OF A TRADER

- 1. "The Five Deadly Business Sins," Wall Street Journal, October 21, 1993.
- 2. An Wang, Lessons: An Autobiography (Reading, Mass.: Addison Wesley, 1986), p. 1.
- 3. Herb Kelleher, television advertisement for American Express, Olgivy & Mather, 1993.

5. THE QUEST

- 1. Jack Schwager, *Market Wizards: Interviews with Top Traders* (New York: New York Institute of Finance, 1989), p. 317.
 - 2. Ibid., p. 265.
- 3. Madelon DeVoe Talley, *The Passionate Investors* (New York: Crown, 1987), pp. 70–72.
 - 4. Schwager, Market Wizards, p. 229.
 - 5. Talley, The Passionate Investors, pp. 75-78.
 - 6. Ibid., p. 110.
 - 7. Schwager, Market Wizards, p. 232.
 - 8. Talley, The Passionate Investors, p. 110.
 - 9. Ibid., p. 29.
 - 10. Schwager, Market Wizards, pp. 314-15.

- 11. Ibid., p. 129.
- 12. Talley, The Passionate Investors, p. 52.
- 13. Schwager, Market Wizards, p. 291.
- 14. Ibid., p. 197.
- 15. W. D. Gann, How to Make Profits in Commodities (Pomeroy, Wash.: Lambert-Gann, 1951), p. 18.
- 16. John Train, *The New Money Masters* (New York: Harper and Row, 1989), p. 22.
 - 17. Schwager, Market Wizards, pp. 276, 279.
 - 18. Ibid.,, pp. 126, 136.
- 19. "Where's the Buffet? I Missed Warren at His Favorite Steakhouse," *Money* (August 1991): p. 72.
 - 20. Schwager, Market Wizards, p. 233
 - 21. Talley, The Passionate Investors, p. 29.

7. THE PSYCHOLOGICAL FALLACIES OF RISK

- 1. Edward O. Thorp, Beat the Dealer: A Winning Strategy for the Game of Twenty-one (New York: Vintage, 1966), p. 182.
 - 2. Peter Drucker, Management (New York: Harper Row, 1985), p. 512.
- 3. "Confessions of a Compulsive High-Roller," *Business Week*, July 29, 1991, p. 78.
- 4. Richard A. Epstein, *The Theory of Gambling and Statistical Logic* (New York: Academic Press, 1977), pp. 393–94.
- 5. Ludwig von Mises, *Human Action: A Treatise on Economics* (Chicago: Contemporary, 1966), p. 116.

8. THE PSYCHOLOGICAL CROWD

- 1. Gustave Le Bon, *The Crowd: A Study of the Popular Mind* (New York: The Macmillan Co., 1896).
- 2. Charles P. Kindleberger, *Manias*, *Panics*, and *Crashes*: A History of Financial Crises (New York: Basic, 1989), pp. 17–18.
 - 3. Le Bon, The Crowd, pp. 2-3.
- 4. Humphrey Neil, *The Art of Contrary Thinking* (Caldwell, Idaho: Caxton Printers, 1954), p. 137.

- 5. Ibid., pp. 8-10.
- 6. Irving L. Janus, Victims of Groupthink: A Psychological Study of Foreign-Policy Decisions and Fiascoes (Boston: Houghton Mifflin, 1972), p. 87.
 - 7. Neil, The Art of Contrary Thinking, p. 134.

9. RULES, TOOLS, AND FOOLS

- 1. James Grant, testimony before the House Banking Committee, July 30, 1992.
- 2. Henry Hazlitt, *The Failure of the "New Economics": An Analysis of the Keynesian Fallacies* (Lanham, Md.: University Press of America, 1983), p. 183.
- 3. Ludwig von Mises, *Human Action: A Treatise on Economics* (Chicago: Contemporary, 1966), pp. 112–13.
 - 4. Ibid., p. 112.
 - 5. "No Single Regulator for Banks," Wall Street Journal, December 15, 1993.
 - 6. Peter Drucker, Management (New York: Harper and Row, 1985), p. 479.
 - 7. Ibid., p. 499.
 - 8. Ibid., p. 126.
- 9. Daniel Yergin and Thane Gustafson, *Russia* 2010: *And What It Means for the World* (New York: Random House, 1993), p. 8.
 - 10. Ibid., p. 11.
 - 11. Ibid.
 - 12. Ibid., p. 9.
 - 13. Ibid., p. 12.
- 14. "The Man with the Midas Touch Meets His Match in the Nation's Steakhouses," Wall Street Journal, January 3, 1994.
 - 15. Von Mises, Human Action, p. 116.
- 16. "Die and Let Live," North Texas Public Broadcasting, written and produced by Shelia Coope, 1993; emphasis added.
- 17. Edward de Bono, *Teaching Thinking* (New York: Penguin, 1991), pp. 72–73.
- 18. Nathaniel Branden, *The Psychology of Self-Esteem* (New York: Bantam, 1971), p. 126; emphasis added.
 - 19. NBC Nightly News, September 27, 1993.
 - 20. NBC Nightly News, October 11, 1993.
- 21. Richard E. Neustadt and Ernest R. May, *Thinking in Time: The Uses of History for Decision-Makers* (New York: Macmillan, 1986), p. 137.

- 22. Ibid., p. 136; emphasis added.
- 23. Ibid., p. 81.
- 24. Ibid., p. 170.
- 25. Ibid., p. 79; emphasis in original.
- 26. Ibid., p. 89.
- 27. "How Morgan Stanley Maps Its Moves," *Institutional Investor* (June 1992): p. 53
 - 28. Ibid., p. 52.
 - 29. Ibid.

POSTSCRIPT

- 1. Howard Banks, *The Rise and Fall of Freddie Laker* (London: Faber and Faber, 1982), pp. 9–10, 105–7.
- 2. "Steve Jobs's Vision, So Right at Apple, Now Is Falling Short: Deep Faith in His Own Genius," *Wall Street Journal*, May 25, 1993.
- 3. "Roy Raymond's Life and Death Yield Grim Case Study: Suicide of Founder of Victoria's Secret Followed Failure to Regain Glory," *Wall Street Journal*, September 29, 1993.
- 4. Mark Pendergrast, For God, Country, and Coca-Cola: The Definitive History of the Great American Soft Drink and the Company That Makes It (New York: Macmillan, 1993), p. 342.
 - 5. Ibid., p. 347.
 - 6. Ibid., p. 350.
 - 7. Ibid., p. 351.
 - 8. Ibid., p. 353.
 - 9. Ibid., p. 359.
 - 10. Ibid., p. 355.
 - 11. "Sahlman Says," Wall Street Journal, October 15, 1993.
- 12. "What Makes a Good Salesman," in *Business Classics*: Fifteen Key Concepts for Managerial Success (Cambridge, Mass.: Harvard Business Review, 1952), pp. 52–53.
- 13. John Dickhaut, "Escalation Errors and the Sunk Cost Effect: An Explanation Based on Reputation and Information Asymmetries," *Journal of Accounting Research* 27 (Spring 1989): pp. 59–77.
- 14. "Just What Is an Entrepreneur?" *Business Week*, Bonus Issue: Enterprise, October 1993, pp. 105–6.

NOTES

- 15. "Would You Believe It? Craig McCaw Says He Is Risk Averse," *Forbes*, March 1, 1993, p. 79.
 - 16. Ibid., p. 80; emphasis added.
- 17. Ed Zschau, review of *Steve Jobs and the NeXT Big Thing*, by Randall E. Stross, *Wall Street Journal*, December 10, 1993.
- 18. "Talented Outcasts: Bear Stearns Prospers Hiring Daring Traders That Rival Firms Shun," *Wall Street Journal*, November 11, 1993.
- 19. An Wang, Lessons: An Autobiography (Reading, Mass.: Addison Wesley, 1986), p. 1.

